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24 March 1983

MEMORANDUM FOR: [REDACTED] 25X1
Director, Office of European Analysis

THROUGH : [REDACTED] 25X1
Chief, Western Europe Division

: [REDACTED] 25X1
Chief, European Issues Division

FROM : [REDACTED] WE/BBC 25X1
: [REDACTED] EI/SI

SUBJECT : Briefing For Vice President Bush, 19 March 1983

1. This briefing was given at the request of the Vice President to help prepare him for his trip to Ottawa. Also present at his residence were Don Gregg of the Vice President's staff, Marty Feldstein of the Council of Economic Advisers, and an advance man just back from Ottawa. The briefing began at about 0900. [REDACTED]

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3. The US Embassy in Ottawa also had sent back its recommendations with the advance man. Embassy officials wanted the Vice President to take note of the ongoing US-Canadian talks on natural gas pricing, to register once again US unhappiness over the certain provisions of the National Energy Program, and

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to refer in his toast to the US preference for a "strong, united Canada."

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4. We then took over; Scofield led off with a statement on the Canadian position and our understanding of Trudeau's personal views on disarmament and INF, and the relation of both to cruise missile testing. He followed up with a general description of Canada's defense policy and its position in NATO. The Vice President asked for the level of Canada's defense spending, and Don Gregg queried as to the roots of Canada's strong disarmament constituency -- Pete provided answers to both questions. Mr. Bush also asked whether there were significant differences between the parties on defense issues, and we explained the situation in terms of general differences, but noted solid Tory support for testing. Pete emphasized MacEachen's personal role in the linkage of the weapons testing agreement, and thus ALCMs, to the dual track decision.

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6. John then switched over to East-West economic issues. He sketched Canada's underlying need for diversification from natural resource industries into more sophisticated manufacturing, and related that to Canadian disappointment over failure to get part of the Astrakhan natural gas project. The Vice President asked if US policy had affected that outcome and we answered probably not -- although a few Canadians might think so. The Vice President then turned to grain issues, and [] gave him the general background on Canadian grain trade with Eastern Europe, including the recent sale to East Germany. Feldstein said that Ambassador Gotlieb had recently talked with him about the issues of competition, credits and subsidization in international grain trade. Gotlieb had been particularly concerned about a recent US sale to Iraq, which he thought could be interpreted as a "shot across the bow" of Canada, comparable to the US sale to Egypt in relation to the EC. We promised to provide additional information.

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7. John then briefly sketched the Canadian view of the upcoming Williamsburg Summit stressing economic recovery and protectionism as themes.

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8. The Vice President then asked about party differences on foreign ownership and economic relations with the United States, which allowed us to further explain the problem of economic nationalism in Canada. He also asked about the degrees of latitude available to the provinces, mentioning Saskatchewan in particular. We confirmed his general impression of wide provincial powers, but noted that Saskatchewan turned out the NDP last year,

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and that the only current NDP government is in Manitoba. []

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9. John then switched to bilateral issues, but was interrupted by the Vice President who asked why we had not mentioned North-South issues as a Trudeau preoccupation. We responded that Trudeau's traditional ardor over the issue had been dampened by the hard-line tactics of some Third World radicals whom he blamed for the lack of recent progress toward global negotiations. We noted the recurrence of this theme in public and private during Trudeau's recent trip to Southeast Asia. We also mentioned Canada's generally strong support of the US position on the Middle East. []

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10. On bilateral issues, John noted the primacy of acid rain as an issue in Canadian minds and the prominence of that issue in the quarterly talks between MacEachen and Secretary Shultz. Mr. Bush questioned how the Canadians dealt with the problem of the scientific and data uncertainties and we responded with their position. The advance man intervened at this point to give his thin understanding of the breakdown of the US-Canadian acid rain negotiations. We let him run down. Mr. Bush asked how the Canadians felt about lake liming, and we responded that they felt that it was a superficial measure at best and logistically very difficult given the numbers and location of their lakes. []

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11. John then turned to other bilateral issues. We raised Canadian Ambassador Gottlieb's strong belief that the Canadian Embassy should be deeply involved with the Hill as well as the executive branch, and noted that MacEachen probably takes a different view. Gottlieb, however, has a close relationship with Trudeau. The Vice President asked whether there were recent developments on the dispute involving trade in potatoes between Maine and Canada. He noted his own links to Maine and contacts with Maine senators. We promised to get him some information. []

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12. We closed by mentioning briefly that domestic pressure on the Canadian Government to become more involved in Central American and Caribbean affairs had lessened recently and that the government probably hoped to leave the issue alone. We also noted that, while the formulation on Canadian unity requested by the Embassy was consistent with the last State Department statement on the Quebec issue, Levesque's statements of midweek required careful evaluation. Any necessary modification or reiteration of the US position could also take place in the context of the Shultz-MacEachen meeting in April, particularly since Secretary Shultz has not personally addressed the subject. Both the Vice President and Don Gregg expressed their satisfaction with the briefing and their appreciation for our efforts. The briefing ended about 1005. []

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